

**DECISION OF THE MARYLAND LOTTERY AND
GAMING CONTROL COMMISSION**

**Application for a Mobile Sports Wagering License
CZR Maryland Mobile Opportunity, LLC**

License Applicant No. SW-2022-25

**Qualification Hearing before
the Maryland Lottery and Gaming Control Commission
October 27, 2022**

On October 27 2022, the Maryland Lottery and Gaming Control Commission (“Commission”) held a meeting during which it conducted a hearing to determine whether CZR Maryland Mobile Opportunity, LLC (“Applicant”) is qualified for a mobile sports wagering license under Maryland’s Sports Wagering Law.

FINDINGS OF FACT

Background Process

1. Sports wagering in Maryland is governed by the Sports Wagering Law, found in State Government Article (“SG”), Title 9, Subtitle 1E, Annotated Code of Maryland, and the regulations of the Commission, found in the Code of Maryland Regulations (“COMAR”) 36.10. The Sports Wagering Law also incorporates the Gaming Law, which governs casino operations in Maryland, found in SG, Title 9, Subtitle 1A, and COMAR 36.03.

2. The Commission is authorized to issue licenses necessary for sports wagering in the State, one of which is a mobile sports wagering license. Unless a person holds a valid mobile sports wagering license issued by the Commission, the person may not conduct, offer, or operate mobile sports wagering.

3. An applicant for a sports wagering-related license must submit an application to the Commission. Before it can be issued a license, an applicant must meet all applicable qualification

requirements in the Sports Wagering Law, and prove to the Commission, by clear and convincing evidence, that it is qualified under SG § 9-1E-07(e) and COMAR 36.10.03.02, and 36.10.05 and not disqualified under SG § 9-1E-07(g)(1). The Commission is required to deny the license application of an applicant that does not meet qualification requirements.

4. An applicant must submit to the Commission all information that is necessary for the Commission to determine its qualifications, and those of its principals, its principal entities, and any other necessary qualifiers.

5. The Commission may establish an abbreviated process for qualifying and licensing an applicant that holds a valid license in this State or another state, if the Commission determines that the licensing standards of the issuing agency in the other state are comprehensive and thorough, and provide similar safeguards to those in the Sports Wagering Law. SG § 9-1E-05(c); COMAR 36.10.02.12.

6. The Commission has approved 16 states with acceptable licensing standards: Arkansas, Colorado, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Virginia and Wisconsin. Because Maryland's licensing standards for all sports wagering-related licenses and casino-related licenses are identical, or specifically incorporated into the Sports Wagering Law, they are clearly sufficient for qualifying an applicant for a different sports wagering license on those bases.

7. In accordance with the alternative licensing process, an applicant may be qualified for a license before the Maryland Lottery and Gaming Control Agency ("Agency") conducts a full background investigation.

8. The Commission's decision to abbreviate an applicant's licensing process on the basis of alternative licensing standards is discretionary. The Commission may deny an applicant's

request or grant a request to apply alternative licensing standards. If the Commission grants a request, it may place conditions on a license, or take any other necessary action to protect the State's interests.

9. The Commission has delegated to Staff of the Agency the authority to decide whether to grant an applicant's request to apply alternative licensing standards.

10. Staff applies alternative licensing standards if the applicant holds a current, valid Maryland sports wagering-related license issued by the Commission because Maryland's qualification standards for all sports-wagering related licenses are identical and are clearly sufficient for qualifying an applicant for a mobile sports wagering license on that basis.

11. Staff applies alternative licensing standards if the applicant holds a current, valid Maryland issued casino-related license issued by the Commission because Maryland's qualification standards for casino-related licenses are identical to, and specifically incorporated in, the Sports Wagering Law and are clearly sufficient for qualifying an applicant for a mobile sports wagering license on that basis.

12. If an applicant does not hold a current, valid Maryland license, Staff applies alternative licensing standards if the applicant has a current, valid sports wagering-related license in at least 3 of the 16 Commission-approved states that have licensing standards which are comprehensive and thorough, and provide similar and adequate safeguards to those in the Sports Wagering Law.

Application of Alternative Licensing Standards

13. The Applicant submitted a written request for the Commission to find it qualified for a mobile sports wagering license under the alternative licensing process. Along with the request, the Applicant submitted an Affidavit in Support of Applicant's Request to Apply

Alternative Licensing Standards, in which the Applicant acknowledged that Staff will conduct a full background investigation, and that Staff may take enforcement action against the license if it determines that the Applicant (or licensee, if licensed), does not meet a Commission requirement. Enforcement action may include license suspension or revocation.

14. Staff granted the Applicant's request to apply alternative licensing standards to determine the Applicant's qualifications.

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15. Staff of the Agency's Licensing Division provided the Applicant with written notice of the hearing. Randy Conroy, SVP & General Manager, Horseshoe Baltimore was present for the Applicant in the hearing. In advance of the hearing, John J. Mooney, MLGCA's Managing Director of Regulatory Oversight, provided the Commission with the executive summary of the background investigation and Staff's recommendations, which was also made publicly available.

Applicant's Regulatory History and Ownership

16. CZR Maryland Mobile Opportunity, LLC is a Delaware limited liability company that was formed on September 27, 2022 for the purpose of holding a Mobile Sports Wagering License in Maryland.

17. The parent company of the Applicant is CBAC Borrower, LLC, d/b/a Horseshoe Casino Baltimore ("CBAC"). CBAC's parent company and ultimately a parent company of the Applicant is Caesars Entertainment, Inc. ("Caesars").

18. CBAC has been a Video Lottery Operation Licensee in Maryland since August 24, 2014.

19. On October 6, 2021, the Commission qualified CBAC for a Sports Wagering Facility License by application of alternative licensing standards and it was issued its license on December 10, 2021.

20. Five individuals have been identified as Principals: Thomas R. Reeg, Anthony L. Carano, Bret D. Yunker, Edmund L. Quatmann, and Leathe Mae Christian. Each has a Principal Employee License or Temporary Principal Employee License issued by the Commission.

21. Any additional Principal and Principal Entity who becomes involved in the Applicant's mobile sports wagering must submit the appropriate application for qualification and licensure.

Licensing Inquiry

22. Although the Applicant's parent company, CBAC, holds a Maryland-issued Sports Wagering Facility License, because it was qualified by application of alternative licensing standards in Maryland, its current licenses in the Commission-approved states are relevant.

23. The Applicant's Request for Application of Alternative Licensing Standards in support of its request for a Mobile Sports Wagering License identified its ultimate parent company Caesars' current licenses in these Commission-approved states, with which Staff inquired. Those states' licensing agencies reported:

- Nevada Gaming Control Board
 - Type of License: Sports Wagering
 - Active Date: 04/22/2021
 - Status: Valid and In Good Standing

- Mississippi Gaming Commission
 - Type of License: Sports Wagering
 - Active Date: 08/16/2021
 - Status: Valid and In Good Standing

- Pennsylvania Gaming Control Board
 - Type of License: Sports Wagering Operation
 - Expiration Date: 05/19/2025
 - Status: Valid and In Good Standing

Mobile Sports Wagering License Application

24. In addition to the Request for Application of Alternative Licensing Standards and Affidavit, the Applicant submitted: a completed Mobile Sports Wagering License Application; an affidavit attesting to the minority- and women-owned interests of the Applicant, adequate proof of bond, and all required fees.

25. Staff is not aware of information that would indicate CZR Maryland Mobile Opportunity, LLC fails to meet the Commission's qualification requirements.

26. Staff recommends that the Commission determine the Applicant has established that it is qualified for a Mobile Sports Wagering License based on the alternative licensing standards provisions of the Sports Wagering Law by clear and convincing evidence.

CONCLUSIONS OF LAW

1. The Applicant has established by application of the alternative licensing standards provisions of the Sports Wagering Law that it is qualified for, and is not disqualified from, a Mobile Sports Wagering License by clear and convincing evidence.

2. The Applicant remains under an ongoing obligation to comply with all qualification requirements and to notify the Commission if any of the information submitted to the Commission or Agency changes.

3. The Applicant will undergo a full background investigation by the Agency, and if Staff determines that the Applicant or licensee, if licensed, does not meet a Commission standard, the Commission may take enforcement action, up to and including revocation of the license.

4. The Secretary of the Commission will transmit this decision statement to the Sports Wagering Application Review Commission.

REVIEW RIGHTS

A party aggrieved by this final administrative Decision may file a petition for judicial review with the circuit court for the county where any party resides or has a principal place of business within thirty days of the date of this Decision. SG § 10-222; Maryland Rules 7-201 – 7-211.



E. Randolph Marriner, Chair

10-27-22
Date